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SIPDIS

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
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E.O. 12958: N/A
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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

[1](#)1. Mideast

[1](#)2. G-8 Summit, June 6-8

Key stories in the media:

All media led with the possibility that a military confrontation

with Syria might break out this summer. The media reported that this morning the security cabinet will hold a discussion on the Syrian and Lebanese borders and the likelihood of war in the north. Ha'aretz reported that the majority view in IDF Intelligence holds that Syrian President Bashar Assad is well placed to carry out a surprise attack on the Golan Heights, but that he is unlikely to initiate a war. The Jerusalem Post reported that Defense Minister Amir Peretz expressed a similar view on Tuesday. Israel Radio quoted a senior GOI source as saying that Israel is conveying messages to Syria through various avenues that Israel is not interested in war. The source was quoted as saying that Syria is speeding up its arming. Both Yediot and Maariv bannered ongoing comments by PM Ehud Olmert that idle talk and bragging by senior Israeli military commanders that Israel would win in a confrontation with Syria must stop. Israel Radio said that a senior Israeli military source concurred with Olmert.

This morning Israel Radio quoted a senior aide of PA Chairman [President] Mahmoud Abbas as saying that a scheduled meeting on Thursday between PM Olmert and Abbas has been postponed because the sides have not smoothed out a number of issues. All media had reported that Olmert would meet with Abbas in PA territory on Thursday -- apparently in Jericho. Yediot noted that this would be the first time since the signing of the Oslo Agreement that an Israeli prime minister meets with a PA chairman in a Palestinian city. Yediot reported that Israel will offer the Palestinians a thaw in fund freezing and the lifting of roadblocks, but that it will decline a cease-fire with Hamas. Maariv reported that Olmert is expected to give up his demand that Abbas act to obtain the release of abducted IDF Cpl. Gilad Shalit. The Jerusalem Post quoted Abbas as saying on Tuesday that he is working to achieve a truce between the Palestinians and Israel. Maariv reported that on Tuesday Egyptian President Hosni Mubarak called Olmert to discuss all current diplomatic issues.

The Jerusalem Post reported that a high-level Israeli delegation will meet with officials in Washington this week and demand that restrictions be placed on the proposed US sale of state-of-the-art weaponry to Saudi Arabia. The talks are expected to center on the US decision to sell Joint Direct Attack Munition satellite-guided "smart bombs" to Saudi Arabia. The sale has caused consternation in Jerusalem over concerns that it could tip the balance of power in the region. The newspaper reported that, if the sale does go through, Israel has expressed interest in acquiring the F-22 stealth bomber -- a plane that can avoid radar detection and is the world's most advanced fighter jet -- to maintain its qualitative edge. Israel is to be represented at the talks by Defense Ministry Diplomatic-Military Bureau head Amos Gilad and IDF Planning Directorate head Maj. Gen. Ido Nehushtan. The US team is to be headed by Beth McCormick, the Acting Deputy Under Secretary of Defense for Technology Security Policy and National Disclosure Policy, and the Director of the Defense Department's Defense Technology Security Administration.

Ha'aretz reported that on Tuesday the Association for Civil Rights in Israel sent a letter to Justice Minister Daniel Friedmann to protest the "dangerous and unprecedented step" of revising a Basic Law in a bid to circumvent a High Court of Justice decision. The court overturned the Intifada Law, which exempts the state from compensating Palestinians for damage caused in the course of non-combat activities in the territories. Friedmann wants to reinstate it.

Ha'aretz reported that on Tuesday the Knesset's House Committee decided to establish a special committee to discuss a bill that would require a national referendum to be held before any withdrawal from areas under Israeli sovereignty, even in the absence of a Basic Law to determine the referendum procedures. Ha'aretz commented that the initiative, sponsored by former coalition whip MK Avigdor Yitzhaki (Kadima), is significant in the context of the public debate over whether to enter into peace negotiations with Syria, which wants Israel to withdraw from the Golan Heights.

Ha'aretz reported that Israel is considering demanding that UN (UNIFIL) forces be stationed north of the Litani River in Lebanon.

Ha'aretz reported that Foreign Ministry Director General Aharon Abramovitch secretly visited Morocco recently, meeting with the

country's Foreign Minister to discuss the Arab peace initiative. During Abramovitch's flash visit of just a few hours, he also met with other senior ministry officials. Abramowitz told his hosts that while Israel agreed to certain clauses, it has reservations on other aspects of the plan, such as the clause pertaining to the refugee problem. In addition to the peace initiative, Abramovitch discussed the situation in the PA. Abramovitch also requested that his Moroccan colleagues consider reopening their liaison office to Israel, which was closed in 2000 after the second Intifada broke out. Ha'aretz noted that, despite this, Morocco has maintained low-level diplomatic relations with Israel throughout the period.

Ha'aretz quoted senior Israeli defense officials as saying on Tuesday that the evacuation of settlers from a Palestinian home in Hebron will be deferred for a long time, if it takes place at all. The media reported that, on the same day, a gathering of about 200 Peace Now demonstrators took place in the city to mark the 40th anniversary of the outbreak of the Six-Day War. The Jerusalem Post reported a joint demonstration of Israelis and Palestinians took place at the Anata refugee camp north of Jerusalem to use the 40th anniversary of the Six-Day War to host a binational peace event.

This morning IDF Radio reported that the Amana settlement movement is constructing about 100 new housing units in the West Bank, most of which have already been sold. These units were already approved by the GOI several years ago, but the decision was never implemented. IDF Radio quoted political sources as saying that the construction of the units contradicts promises made by officials in Jerusalem to officials in Washington to stop construction in the area.

Ha'aretz and Israel Radio reported that on Tuesday the Knesset's Finance Committee approved a 2.4 million shekel (around USD 590,000) allocation for protecting medical institutions in communities near the Gaza Strip, including Ashkelon's Barzilai Hospital.

The Jerusalem Post quoted senior employees of the Israeli Consulate-General in New York as saying in a letter sent this week that new budget cuts at the Consulate-General will critically reduce the office's "hasbara" (advocacy) efforts.

Last night Israel TV disclosed an alleged bribery affair surrounding the Labor Party primaries in the Galilee city of Safed and involving Defense Minister and Labor Party Chairman Amir Peretz. Peretz denied the report.

Ha'aretz quoted the United Arab List (Ra'am-Ta'al) party as saying on Tuesday that it will support the candidate for Israel's presidency who agrees to release Israeli Arab security prisoners.

Leading media quoted Mahmoud Abbas as saying on Tuesday that Palestinians are on the verge of civil war and that the in-fighting is worse than Israeli military rule.

All media quoted President Bush as saying in Prague on Tuesday that he would explain to his Russian counterpart, Vladimir Putin, that there is no reason for Russia to be afraid of the stationing of a US anti-missile base in the Czech Republic and Poland.

The Jerusalem Post reported that Lehman Brothers has rated Israel as having the lowest vulnerability of risk of a financial threat among emerging market economies. The newspaper reported that the global investment bank, headquartered in New York City, cautioned that political and monetary risks were on the rise. The Jerusalem Post reported that this week Steve Forbes, businessman and Chief Editor of Forbes Magazine, raised high hopes for the growth potential of the Israeli economy if liberalization reforms are continued and taxes lowered. Forbes was speaking at a conference in Tel Aviv celebrating the third anniversary of the Forbes Israel Hebrew Magazine. On Tuesday Steve Forbes received an honorary degree from Haifa University.

The Jerusalem Post cited an announcement made on Tuesday by Elbit Systems Ltd., an Israeli maker of military products, that it won an order of about USD 18.5 million from the US Marine Corps for handheld military computers

In The Jerusalem Post, Yehuda Avner, who was on the staff of five Israeli prime ministers, described the start of the US-Israeli alliance at the time of the Six-Day War.

Yediot cited concerns in Israel that basil grown in Israel, exported to Britain, and disseminated from there to other European countries was deliberately tainted with the salmonella bacteria. The herb-contamination affair was reported by all media on Tuesday.

The Jerusalem Post reported that the Israel Broadcasting Authority's Management Committee will vote next Monday on a cost-cutting emergency plan that would close most Israel TV and Israel Radio programs, including the IBA News in English and the English radio news.

Mideast:

Summary:

Diplomatic correspondent Ben Caspit wrote on page one of the popular, pluralist Maariv: "Both the Syrian President and the Israeli Prime Minister have been playing a dangerous game with one another in the past few months."

Prof. Uzi Arad, the Director of the Institute for Policy and Strategy at the Interdisciplinary Center, who was a senior advisor to former prime minister Binyamin Netanyahu, wrote in the mass-circulation, pluralist Yediot Aharonot: "Not only is a full Israeli withdrawal from the Golan Heights not in Israel's best interests, but on this matter Israel is also supported by a long-standing American commitment, which has been reaffirmed by Bush."

Military correspondent Amos Harel wrote on page one of the independent, left-leaning Ha'aretz: "Ties between [Syria and Iran] have been strengthened, and Israeli intelligence sources describe this as a strategic alliance."

The nationalist, Orthodox Makor Rishon-Hatzofe editorialized: "The Israeli player is required to give up real assets, while the Arab player is required to give words."

Defense and foreign affairs columnist Amir Oren wrote in Ha'aretz: "The pot boiling under the [Egyptian] regime is threatening -- if it boils over -- to throw the lid off, and with it, also the peace with Israel."

Block Quotes:

II. "Dangerous Game"

Diplomatic correspondent Ben Caspit wrote on page one of the popular, pluralist Maariv (6/6): "Both the Syrian President and the Israeli Prime Minister have been playing a dangerous game with one another in the past few months.... The reinforcement of the Damascus-Tehran axis is the greatest cause for concern in the security establishment and political echelon in Israel.... Therefore, any American or international escalation vis-à-vis Tehran could cause a second front to be opened against us. It will start with rockets by Hizbullah and continue with war against Syria, in parallel. All this is converging, so it is said, towards the coming summer.... It is necessary to cool things off, to moderate. We have to calm matters and be silent for a while. The Syrians are threatening? Let them threaten. There is need for composure. They have already received, say Olmert's aides, a great many messages that Israel is not interested in war with them. They have been receiving such messages almost every week. But the panic is also unnecessary. Olmert is conducting indirect, distant, covert talks with the Syrians.... The Americans are in the picture, and a Syrian figure there is also playing a role in this game: Syrian Ambassador in Washington Imad Mustafa, one of the people closest to Syrian President Bashar Assad, is also involved. Sources close to Olmert deny involvement or direct talks with Mustafa, but sources related to the talks believe that the man, who is an enthusiastic supporter

of negotiations with Israel, is in the picture and updating the President in Damascus.... The Americans have not yet formulated a final opinion on the Israeli-Syrian channel. Their efforts to revive President Bush's vision and create an achievement on the Palestinian front before the term ends is in contravention of an Israeli-Syrian effort. The question is whether Olmert will come to Washington after having made up his mind and knowing what he wants, or whether he will let the president decide for him."

II. "Neither Under Fear Nor Under Fire"

Prof. Uzi Arad, the Director of the Institute for Policy and Strategy at the Interdisciplinary Center, who was a senior advisor to former prime minister Binyamin Netanyahu, wrote in the mass-circulation, pluralist Yediot Aharonot (6/6): "The Syrian option has been in the air since the Second Lebanon War ended. It was recently reported that the Prime Minister is also examining it, and it was recently stated in the media that military officials, no less, are urging Israel to hold negotiations for fear of a military deterioration if this is not done. If the reports are true, then the diplomatic option with Syria is now being considered for poor reasons.... A lasting agreement with Syria requires conditions that do not currently exist: Firstly, there must be real indications that Syrian willingness for negotiations indeed reflects a change in its real agenda. Secondly, in order to make sure that the entire burden of negotiating, including the concessions, does not fall on Israel, there is a need for partners, mainly the US and Europe. Thirdly, an understanding is needed that previous formulae for an arrangement are no longer binding, and that an arrangement requires flexibility on Syria's part regarding the outline for a territorial arrangement

on the Golan Heights. Not only is a full Israeli withdrawal from the Golan Heights not in Israel's best interests, but on this matter Israel is also supported by a long-standing American commitment, which has been reaffirmed by Bush.... Negotiations should not be begun under fear or under fire. This is also the reason that Syria must cease its indirect war against Israel by means of Hamas and Hizbullah. International diplomacy is required here, to form a coalition that will find the incentives and rewards to bring about the necessary strategic turnabout on Syria's part, and so that the burden of concessions does not fall entirely on Israel. Therefore, the solutions that can lead to future effective negotiations with Syria are regional and international."

III. "Fear of Escalation Tops IDF's Agenda"

Military correspondent Amos Harel wrote on page one of the independent, left-leaning Ha'aretz (6/6): "On Tuesday Israel contributed to the growing tension with Syria through a series of statements by senior members of the defense establishment..... Senior IDF officers told Ha'aretz on Tuesday that the threat of an escalation with Syria is at the top of the Chief of Staff's agenda.... However, the officers noted, there is no definitive intelligence backing this. 'There are two possible scenarios,' explained one officer. 'One is that the chief of staff is trying to expedite preparation of the forces just in case. The other is that he has received troubling intelligence that has not been released to the rest of the senior officers.' Israel's concerns stem from several developments that have taken place in the Syrian army since the Second Lebanon War. Syria is in the midst of an effort to strengthen its forces, at all levels, through multibillion-dollar arms procurements, mostly funded by Iran. Ties between the two countries have been strengthened, and Israeli intelligence sources describe this as a strategic alliance. Senior officials from Damascus and Tehran have held frequent meetings lately."

IV. "Playing With Fire"

The nationalist, Orthodox Makor Rishon-Hatzofe editorialized (6/6): "The Prime Minister's associates say that he is vacillating between the Syrian and the Palestinian tracks. He will soon decide which course to take.... The Prime Minister knows that both tracks lead to stalemate. A Hamas government is ruling in the Palestinian Authority. Olmert himself has sworn not to have any contacts with it -- and rightly so.... As regards the Syrian track, Bashar Assad, like Olmert, is interested in talks but not in results.... But this game is not symmetrical. The Israeli player is required to give up real assets, while the Arab player is required to give words....

Above all, this is not a game. The volley of Qassam rockets that poured on Sderot over the past month was only a reminder of the fact that Israel has paid an awful price for the spin culture. One should say 'Enough!' to those who play with Israel's fate."

11V. "When the Lid Is Afraid of the Pot"

Defense and foreign affairs columnist Amir Oren wrote in Ha'aretz (6/6): "The view that Egypt is a moderate, peace-seeking country is an optical illusion. Cairo, which purchased its ticket to Washington through Jerusalem, is once again not thrilled to be part of the camp affiliated with the Americans. The Egyptian people, who are not eager to get involved directly in a war, are instead encouraging war from the sidelines.... Opinion polls show that Egypt -- the largest Arab state, with the most advanced and powerful military -- is also the most hostile to Israel, the United States and the West. This is not a matter of hairsplitting interpretation or passing trends: The data are unequivocal, and as frightening as a storm of religious fanaticism and prejudice.... The pot boiling under the regime is threatening -- if it boils over -- to throw the lid off, and with it, also the peace with Israel. The resulting security tensions will not immediately escalate or lead to a new war, a sixth war, between the two countries. But there will be no deeper, broader peace than the one that currently reigns on our southwestern border."

12. G-8 Summit, June 6-8:

Summary:

Correspondent Lior Kodner wrote from Hamburg in the independent, left-leaning Ha'aretz: "The impression that one gets at the start of the [G-8 Summit is that of a free-for-all."

Block Quotes:

"Everybody Against Everybody"

Correspondent Lior Kodner wrote from Hamburg in the independent, left-leaning Ha'aretz (6/6): "The impression that one gets at the start of the [G-8 Summit is that of a free-for-all.... If it had appeared, following the September 11 attacks in the United States, that the international community was adopting the slogan 'One for all, all for one,' the current motto is 'Everyone against everyone.' It is fortunate that the Middle East, at least, is not presently the focus of the agenda.."

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